



Budget Messaging

Washington doesn't have a taxing problem, it has a spending problem.

How to effectively promote and defend the House
Republican Budget

The President's Budget - Deficits

“Today I’m pledging to cut the deficit we inherited in half by the end of my first term in office.”

*President Barack Obama,
February 23, 2009*

The President's Budget - Debt

- Since President Obama took office, the national debt has increased by \$5 trillion or almost 50 percent in just three years.
- President Obama has increased the deficit by 190 percent, presided over the three largest deficits in history, and piled up more debt than every president from George Washington to Bill Clinton combined.

The President's Budget - Spending

**“We’ve got to spend some money
now to pull us out of this
recession.”**

*President Barack Obama,
February 12, 2009*

The President's Budget - Spending

Over ten years, the president's budget would increase the size of the federal government by 53 percent.

The President's Budget - Spending

The budget would spend \$3.803 trillion in 2013 or 24.3 percent of GDP. This would be the second highest amount of government spending in history.

The President's Budget - Deficits

Despite the president's promise to cut the deficit in half in four years, the deficit has grown by 190 percent from 2008 to 2012.

The President's Budget - Deficits

- 2012 will mark the fourth consecutive year under President Obama with a deficit of more than \$1 trillion.
- Before President Obama took office, the highest deficit ever was \$458 billion.

The President's Budget - Deficits

Under this budget, President Obama will have been responsible for the five highest deficits of all time:

\$1.413 trillion in 2009.

\$1.294 trillion in 2010.

\$1.299 trillion in 2011.

\$1.327 trillion in 2012.

\$901 billion in 2013.

Taxes—The President's Budget Punishes Job Creators and Protects His Political Allies

- The President's budget contains the largest tax increase in U.S. history by imposing \$1.9 trillion in tax increases on American families and job creators at the worst possible time.
- While the President's budget includes anti-growth tax increases on small business, it protects tax subsidies and special interest carve outs for companies like Solyndra.

Taxes—The President's Budget Punishes Job Creators and Protects His Political Allies

- The President's budget would increase the top two income tax brackets from 33 percent to 36 percent and from 35 percent to 39.6 percent. The effects of marginal tax-rate increases would impose economic harm on all Americans.
- Small businesses are responsible for almost two thirds of the jobs created in the United States in the past 15 years, and almost 50 percent of small-business profits are taxed at the top two rates.

Taxes—The President's Budget Punishes Job Creators and Protects His Political Allies

- The Republican budget creates 2 low individual tax rates to promote growth and it rolls back all the special interest carve outs and subsidies in order to make the tax code simpler, flatter, fairer and more globally competitive.
- True pro-growth tax reform doesn't let Washington choose winners or losers and it does not impose the largest tax increase on small businesses in American history.

The President's Budget Has Been Panned By Editorial Boards Across The Country

The Washington Post

“...Mr. Obama’s proposed budget for fiscal year 2013 falls short. At the end of the 10-year budget window, he would have the national debt at a disturbing 76.5 percent of gross domestic product... The final budget of his first term does not reflect the leadership on issues of debt and deficit that Mr. Obama once vowed.”

Los Angeles Times

“...it's past time for the administration to lay out a credible plan for bringing the deficit and debt under control. **Sadly, Obama's budget proposal shows that he'd rather wait until after the election to have that reckoning.**”



“Obama’s budget plan leaves debt bomb ticking... The best test of a budget proposal these days is whether it reins in the national debt... The election-year budget President Obama sent to Congress on Monday fails that test.”



“President Barack Obama has apparently decided that he is not going to be part of the solution to the nation’s enormous deficit — which would make him, yes, part of the problem.”

**House Republicans have a
Plan for America's Job
Creators.**

The Republican Budget: Job Creation, Economic Certainty, and Growth

The Republicans Budget:

- Promotes job creation and certainty by preventing the President's tax increases
- Caps taxes for individuals and job creators and makes the tax code fairer, flatter, and simpler
- Removes new job-destroying regulations
- Repeals the government takeover of health care
- Stops spending money we don't have
- Puts the budget on a path to balance
- Preserves Medicare for future generations

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The Path to Prosperity	The President's Budget
Taxes	Promotes growth by lowering tax rates and making the tax code fairer and flatter for families and small businesses	Destroys jobs by increasing taxes on small businesses and families by \$1.9 trillion

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The Path to Prosperity	The President's Budget
Spending	Gives job-creators certainty by stopping Washington from spending money it does not have on programs that do not work	Continues the job-destroying spending spree by spending nearly \$47 trillion over the next ten years

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The Path to Prosperity	The President's Budget
Deficits	Immediately reduces the deficit and brings it below one trillion dollars and balances the budget and pays off the debt over the long-run	Instead of cutting the deficit in half as promised, it delivers a deficit of over \$1 trillion for the fourth in a row and ensures the budget would never balance again

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The Path to Prosperity	The President's Budget
Debt	Gives job creators certainty by putting the budget on a path to balance and begins to pay off our job-destroying national debt	Adds over \$11 trillion to the national debt and ignores the drivers of debt and economic uncertainty, bringing America perilously close to a European-style crisis

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The Path to Prosperity	The President's Budget
Medicare	Saves and preserves Medicare for future generations in a way that makes by no changes for those 55 and older and provides increased Medicare funding every year	Propose no meaningful reforms that would alter the long-term trajectory of Medicare spending, which the administration's own HHS Secretary has called "unsustainable"

DEMOCRAT CHARGE:

“This Republican budget does not balance the federal budget in the next 10 years.”

DEMOCRAT CHARGE:

“Republicans talk about debt but voted to increase the debt limit by \$2.1 trillion just last year.”

DEMOCRAT CHARGE:

“Republicans just voted to increase the deficit by \$100 billion in order to extend temporary payroll tax cuts.”

DEMOCRAT CHARGE:

“The Republican budget will not create jobs and will harm recovery.”

DEMOCRAT CHARGE:

“According to CBO, the Republican budget will increase out-of-pocket Medicare costs for retirees.”

DEMOCRAT CHARGE:

“The Republican budget will not provide future retirees with the same plan that Members of Congress now have.”

DEMOCRAT CHARGE:

“Republicans don’t want to hold income tax flat. They want to reduce taxes for the wealthy.”

DEMOCRAT CHARGE:

“The Republican budget keeps special tax breaks for oil companies.”

DEMOCRAT CHARGE:

*“You are “privatizing”
Social Security and/or
Medicare.”*

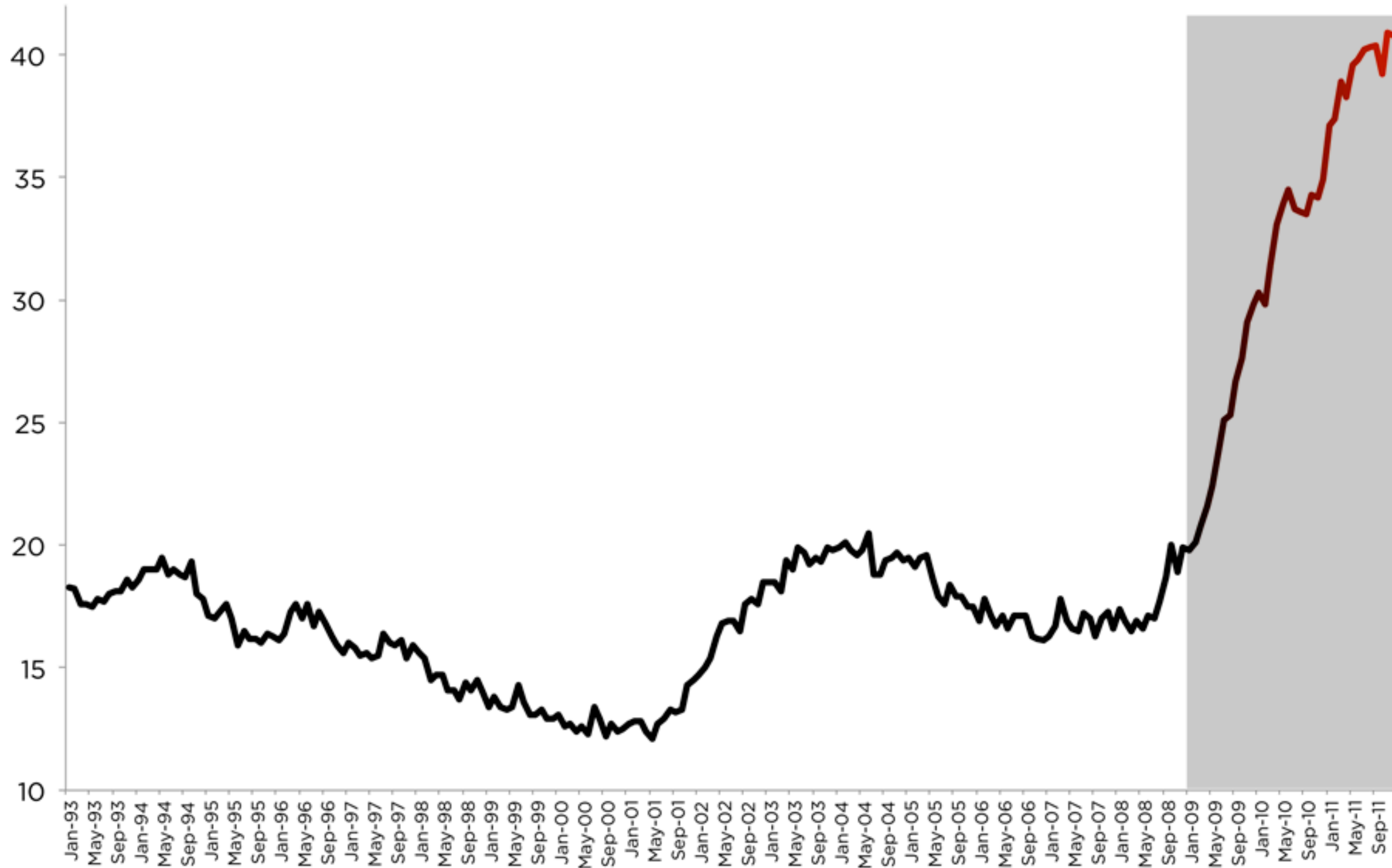
DEMOCRAT CHARGE:

“Republicans are cutting important programs that help people across the country.”

UNEMPLOYMENT IN THE OBAMA ECONOMY

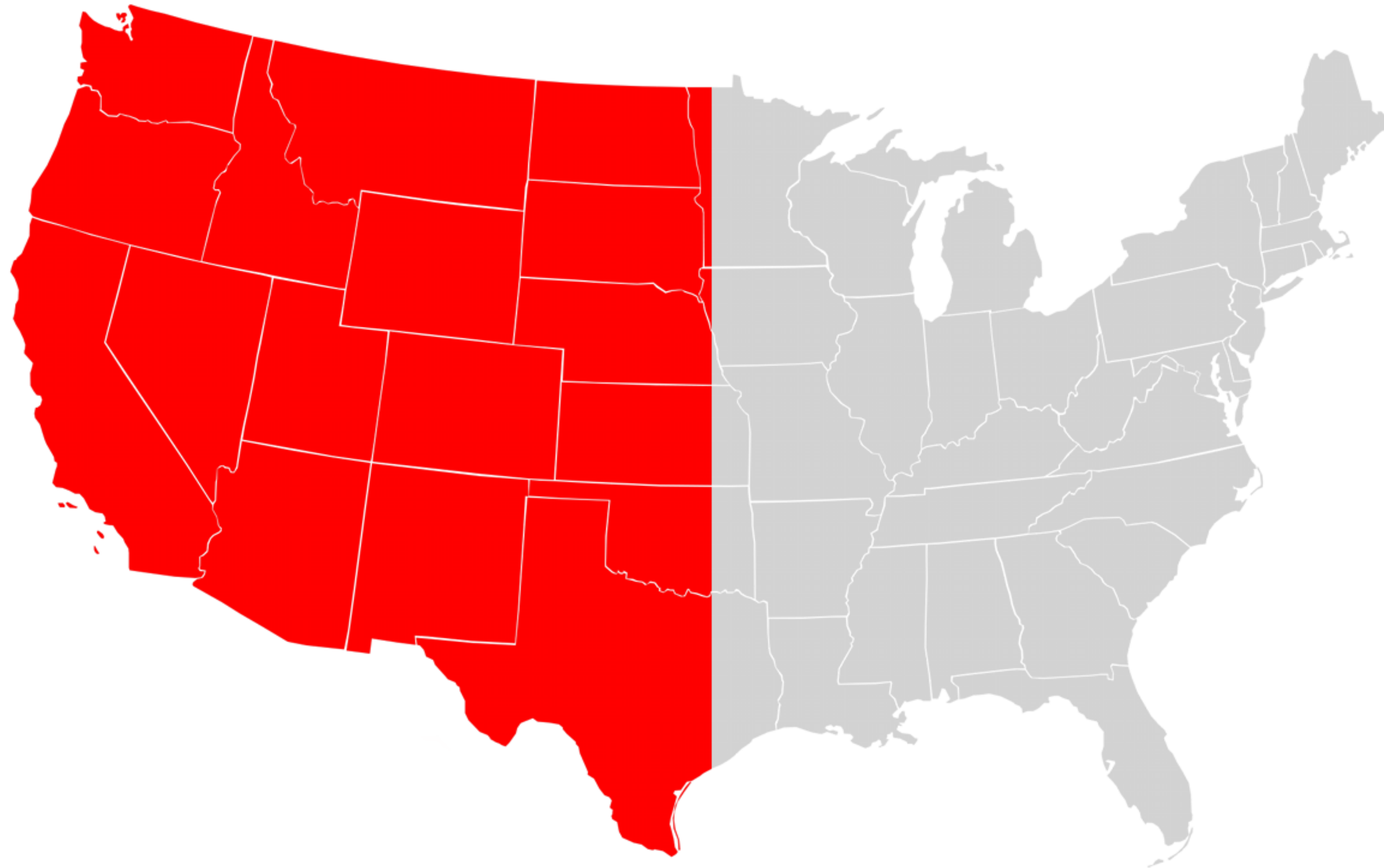
THE AVERAGE LENGTH OF UNEMPLOYMENT IS UP 86% UNDER OBAMA

AVERAGE WEEKS UNEMPLOYED



THE PRESIDENT'S POLICIES HAVE FAILED

**48 PERCENT OF ALL AMERICANS
ARE NOW CLASSIFIED AS
POOR OR LOW-INCOME.**



The president's policies have failed and are making the economy worse.

“The seeds of the next recession have already been planted. The debt burden accumulated over the next ten years will sink us.”

Honeywell

Dave Cote

Chairman & CEO, Honeywell

122,000 employees

The president's policies have failed and are making the economy worse.

“If we don't lower spending and if we don't deal with paying down the debt, we are going to have to raise taxes. Even brain-dead economists understand that when you raise taxes, you cost jobs.”



Bernie Marcus

Former Chairman & CEO

Home Depot (255,185 employees)

July 20, 2011

The president's policies have failed and are making the economy worse.

“The key to me is that businesses have to have the confidence that we’re on the right path, we’re on the right path on taxes, on spending and on deficits and debts so they have the confidence to take the money they have on the balance sheets and invest it here in jobs in America.”



Bob Diamond
President, Barclays

Medicare—The President's Budget Lets Medicare For Seniors Go Bankrupt

The President Knows That Medicare Is Unsustainable

“The major driver of our long-term liabilities, everybody here knows, is Medicare and Medicaid and our health care spending.

“Nothing comes close.”

President Barack Obama

Speaking at House Republican Retreat in Baltimore, MD

January 29, 2010



The Government Takeover of Health Care Changed 'Medicare As We Know It'

1. GLOBAL FEE CAP

- For the first time in history, strict controls are imposed on both the amount and volume of Medicare payments, which will result in seniors having **less access to doctors**.

2. IPAB

- A hard cap is imposed on Medicare spending, and a 15-member board of unelected bureaucrats is in charge of **rationing care** to meet the caps.

3. \$500 BILLION RAID ON MEDICARE

- The health care takeover **raided \$500 billion** from Medicare to fund a new entitlement - instead of shoring up Medicare's own solvency.

Medicare—The President’s Budget Lets Medicare For Seniors Go Bankrupt

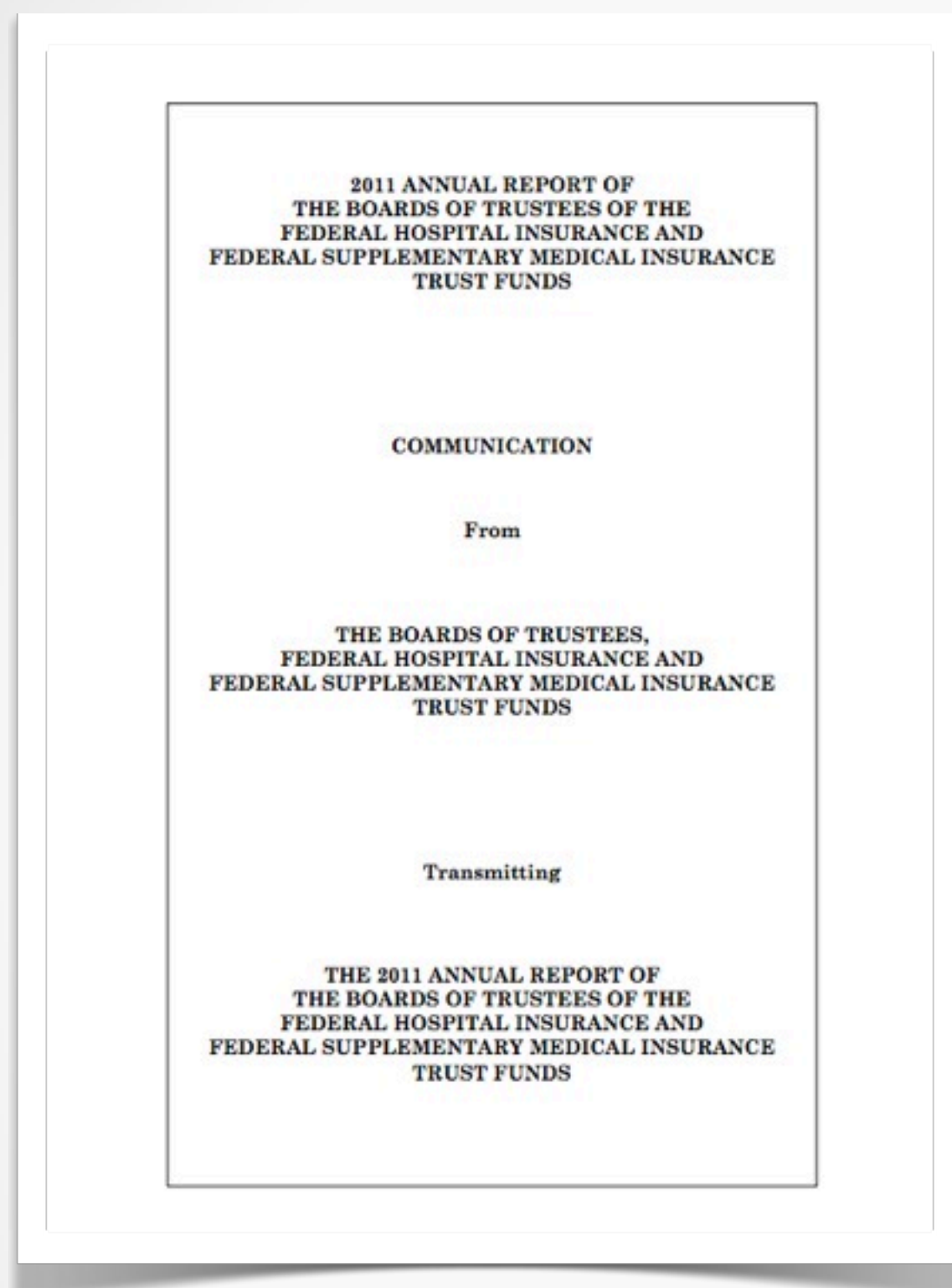
March 2011 Medicare Baseline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
By fiscal year												
COMPARISON OF MEDICARE SPENDING AND DEDICATED FUNDING (in billions of dollars): (a)												
Total Medicare Outlays Included in Calculating the Funding Warning (a)	549.2	577.5	603.1	636.4	666.8	707.8	752.6	803.4	857.7	916.6	981.1	
Dedicated Medicare Financing Sources (a)												
Part A (HI)	208.2	222.9	240.5	257.4	274.1	290.2	306.1	322.6	340.2	357.9	376.3	
Part B (SMI)	46.7	47.6	52.4	54.6	58.8	63.7	68.9	73.9	79.0	82.5	87.4	
Part D (SMI)	15.3	16.7	21.0	23.2	26.6	29.8	33.3	37.6	42.2	46.9	52.2	
Subtotal, Dedicated Medicare Financing Sources	269.2	286.2	313.9	335.7	359.6	383.7	408.4	434.0	461.4	486.3	512.9	
General Revenue Medicare Funding	280.0	288.2	289.2	300.7	307.2	324.1	344.2	369.4	396.3	431.4	468.1	
General Revenue Medicare Funding (percent of total outlays)	51.0%	49.9%	48.0%	47.3%	46.1%	45.8%	45.7%	46.0%	46.2%	47.3%	47.7%	
Excess General Revenue Medicare Funding (in percent)	6.0%	4.9%	3.0%	2.3%	1.1%	0.8%	0.7%	1.0%	1.2%	2.3%	2.7%	
STATUS OF HOSPITAL INSURANCE TRUST FUND (in billions of dollars):												
HI Trust Fund Income												
Receipts (mostly payroll taxes)	208.1	217.0	232.9	251.0	268.9	286.2	303.0	319.5	336.3	354.4	372.7	391.7
Interest	14.6	13.9	12.0	10.6	8.8	7.4	6.2	5.0	3.8	2.5	(a)	(a)
Total Income	222.6	231.0	245.0	261.6	277.7	293.6	309.2	324.5	340.0	356.9	(a)	(a)
HI Trust Fund Outlays	251.6	270.4	274.2	294.7	308.8	317.0	335.5	348.4	362.8	385.9	408.1	431.5
HI Trust Fund Surplus (+) or Deficit (-) (a)	-31.0	-39.4	-29.2	-33.4	-31.1	-23.4	-26.3	-23.8	-22.7	-29.0	(a)	(a)
HI Trust Fund Balance (end of year)	278.8	239.4	210.2	176.9	145.8	122.4	96.1	72.3	49.5	20.5	(a)	(a)
Memoranda:												
Annual Shortfall (after balances are exhausted, amount by which outlays exceed receipts)											-14.9	-39.7
Cumulative Shortfall											-14.9	-54.7
Notes:												
HI = Hospital Insurance (Part A of Medicare); SMI = Supplementary Medical Insurance (Parts B and D of Medicare).												
(a) The Excess General Revenue Medicare Funding Warning is triggered when the general revenue requirement exceeds 45 percent.												
(b) Total Medicare Outlays used to calculate the funding warning differ from "Total Outlays" shown on page 1 because they exclude amounts paid to providers that are later recovered (see footnote f on page 1).												
(c) Adjust for differences in numbers of capitated payments each year, and include the basic premiums for Part D that are paid directly to Part D plans by beneficiaries who choose not to have those premiums withheld from their Social Security benefits.												
(d) Dedicated sources of revenue include Medicare payroll taxes, the Medicare share of taxes on certain Social Security benefits, Part D phased-down state contribution (slewback) payments by states, and beneficiary premiums paid from nonfederal sources. However, dedicated revenues do not include offsetting receipts paid with federal funds or amounts recovered from providers.												
(e) Surpluses and deficits reflect income minus outlays for each year. Deficits are denoted by negative numbers.												
(f) The Hospital Insurance Trust Fund is projected to become exhausted in 2020. Accordingly, certain components of trust fund operations for the year of exhaustion and subsequent years are not meaningful under present law and are not shown in this table.												

CONGRESSIONAL BUDGET OFFICE:

“The Hospital Insurance Trust Fund is projected to become exhausted in 2020.”

Congressional Budget Office
March 2011 Medicare Baseline

Medicare—The President's Budget Lets Medicare For Seniors Go Bankrupt



WHAT HAPPENS WHEN MEDICARE'S TRUST FUND GOES INSOLVENT?

“Beneficiary access to health care services would rapidly be curtailed.”

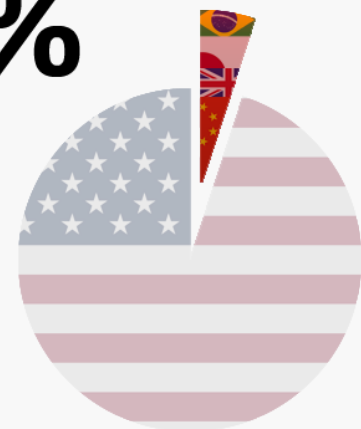
Medicare Trustees' 2011 Report

be made only from ongoing tax revenues, which would not be sufficient to cover total costs. Beneficiary access to health care services would rapidly be curtailed.

WHO OWNS OUR DEBT?

DEBT HELD BY PUBLIC, 1970-2010

Foreign Holdings:
5%



1970

\$283 billion

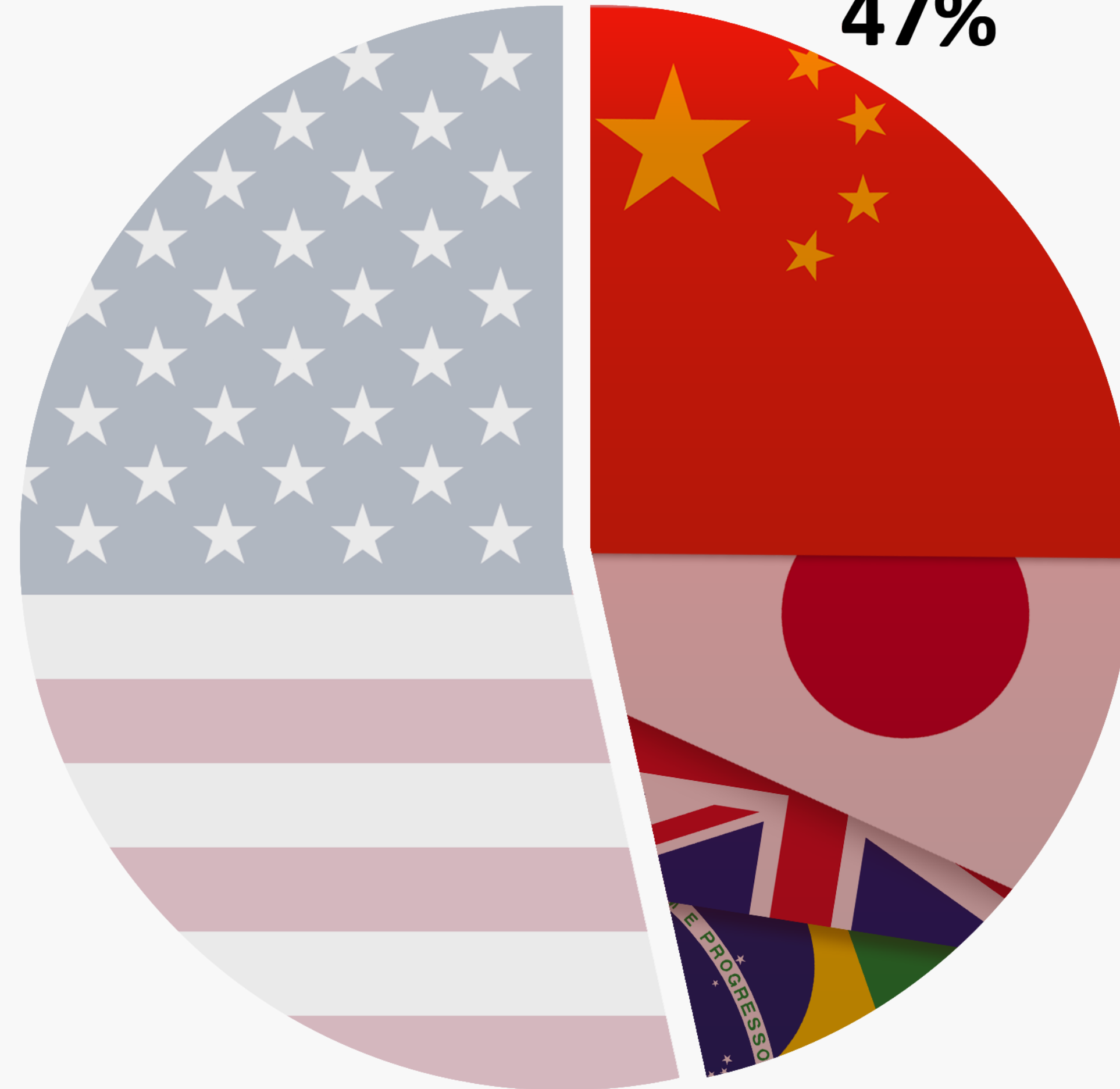
Foreign Holdings:
19%



1990

\$2.4 trillion

Foreign Holdings:
47%



2010

\$8.4 trillion

Source: U.S. Treasury Department,
December 2010

With the interest we pay to China on our debt,
China can afford to buy **3 new Joint Strike Fighters
every week** – with \$50 million/week left over.



FIGURE 1

SPENDING SPREE CONTINUES (IN BILLIONS OF DOLLARS)



SOURCE: OMB

OBAMA FY2013 BUDGET

FIGURE 3

PRESIDENT'S BROKEN PROMISE ON DEFICIT

(IN BILLIONS OF DOLLARS)

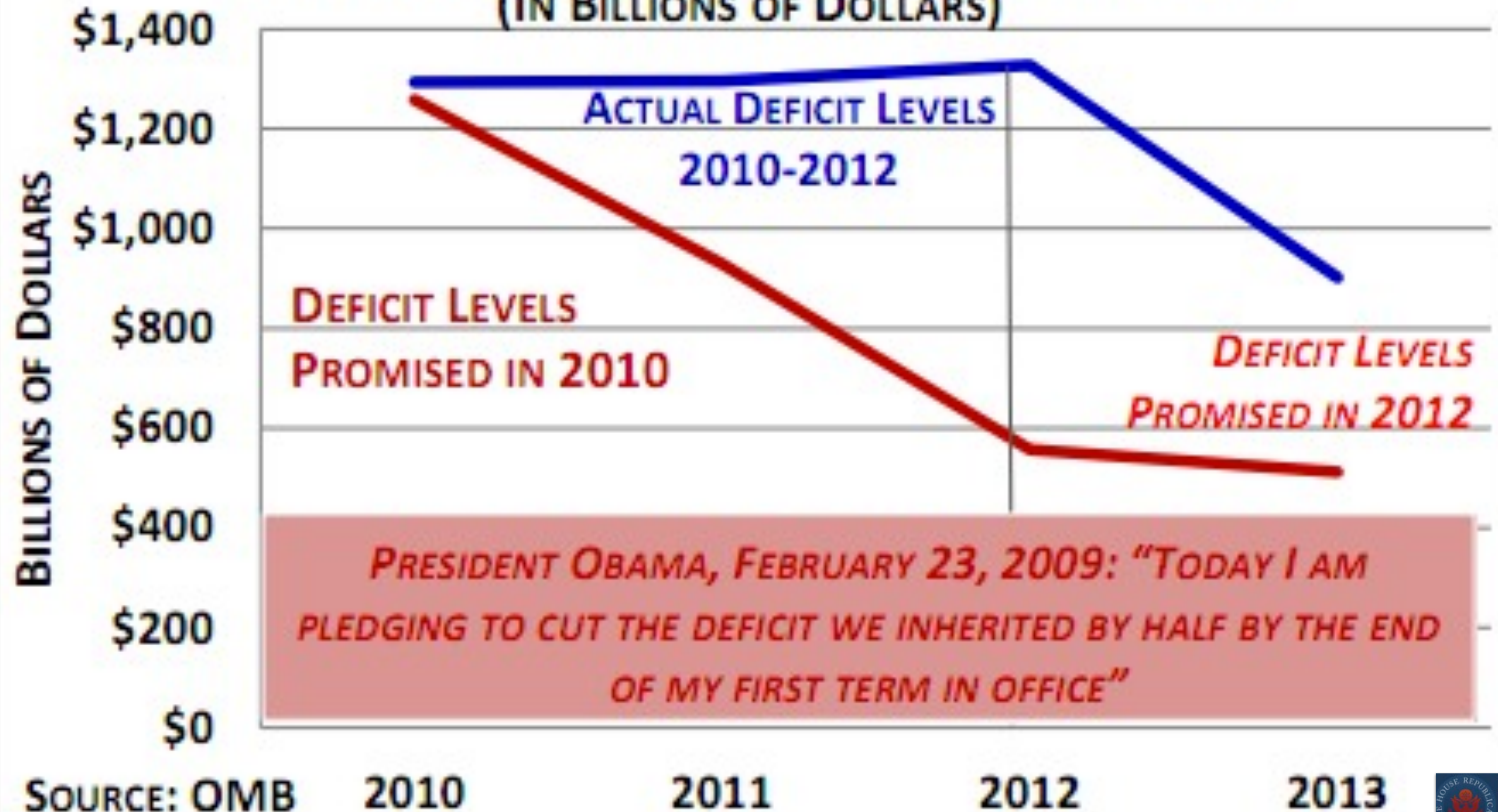
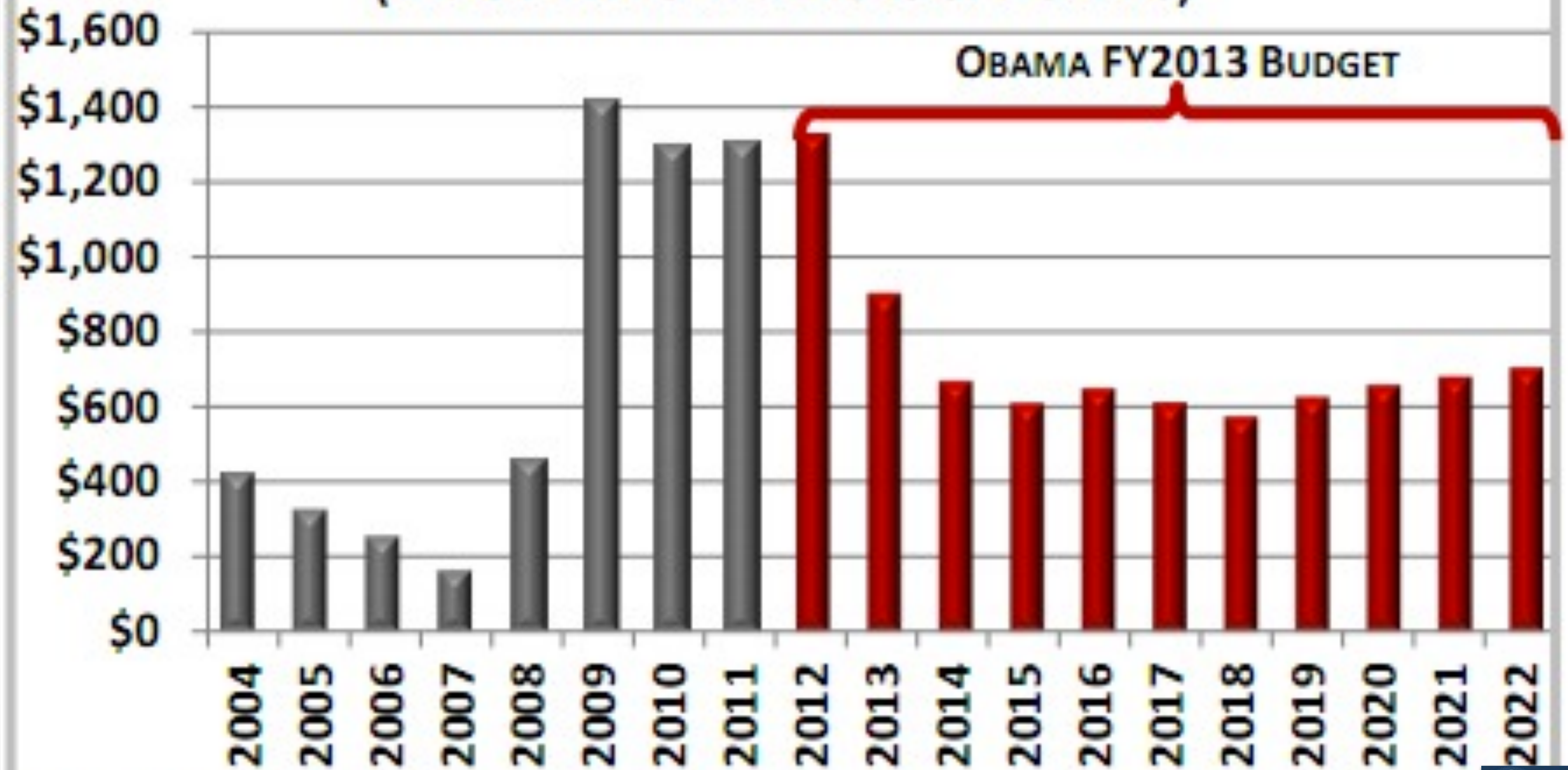


FIGURE 2

DEFICIT UNDER OBAMA BUDGET

(DEFICIT LEVELS IN BILLIONS OF DOLLARS)

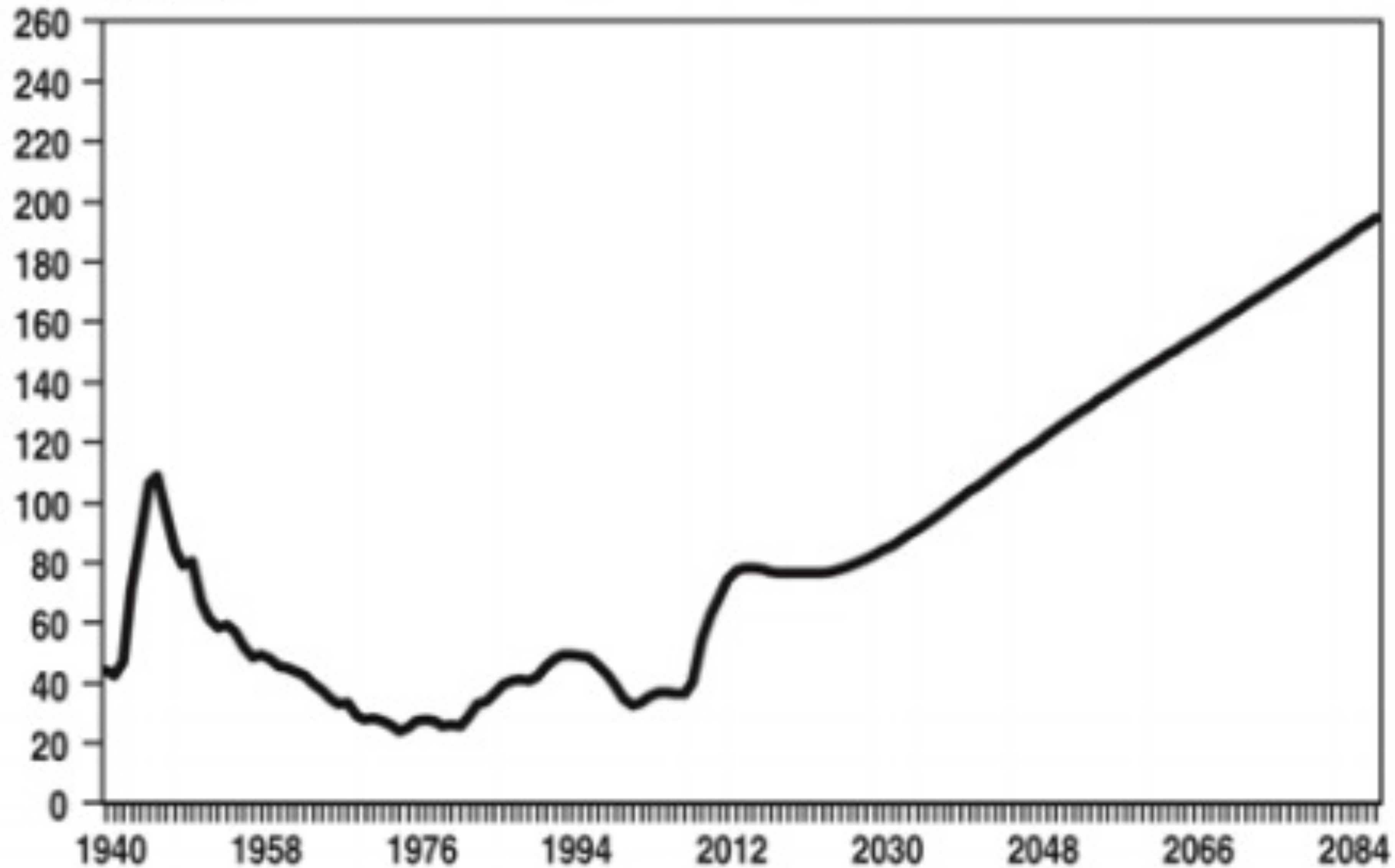


SOURCE: OMB

FIGURE 4

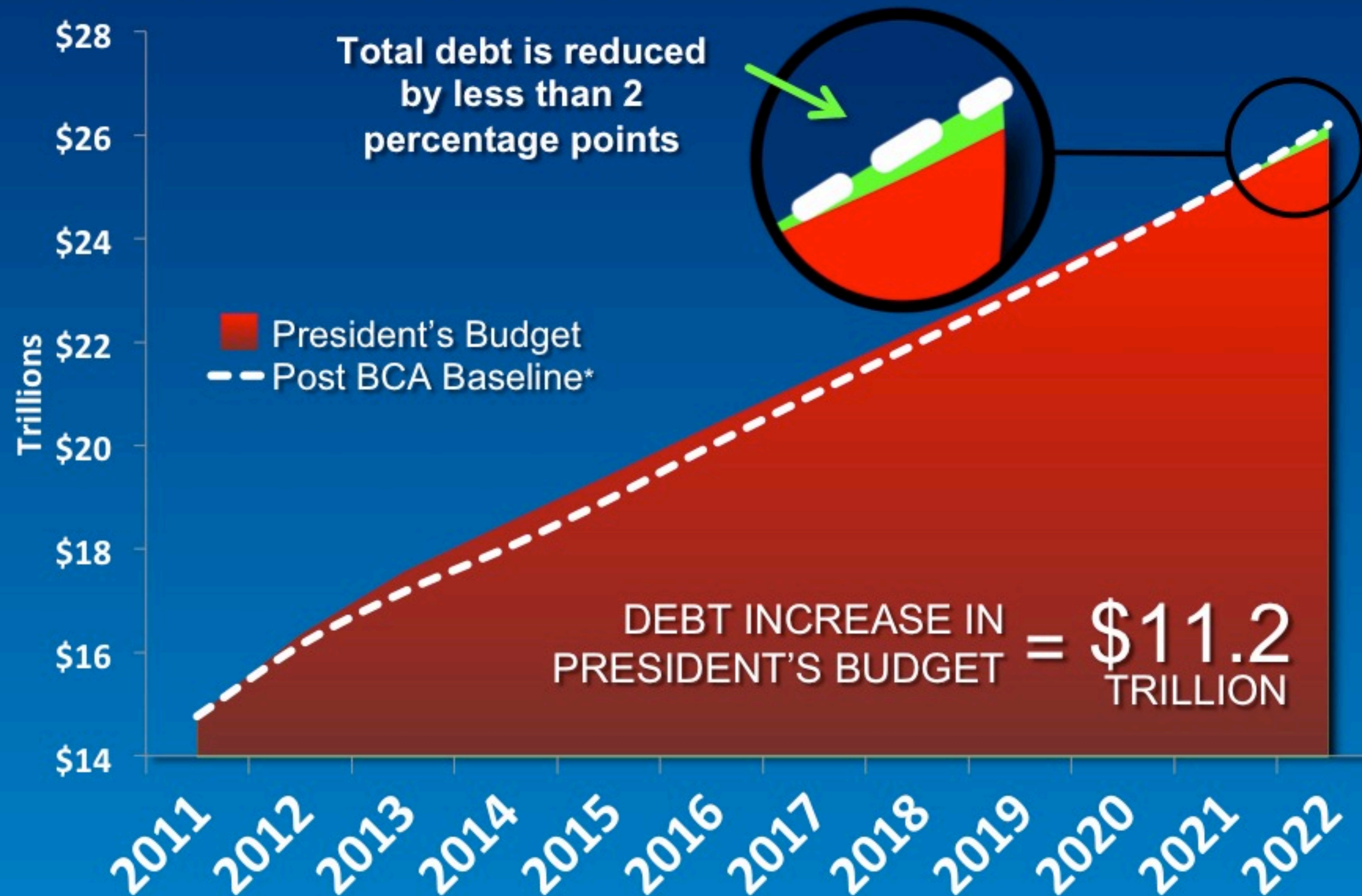
Chart 5-1. Publicly Held Debt Under 2013 Budget Policy Extended

Percent of GDP



Where is the President's \$4 Trillion Savings?

Gross Debt Increases to \$26 Trillion, Matching Current Policy*

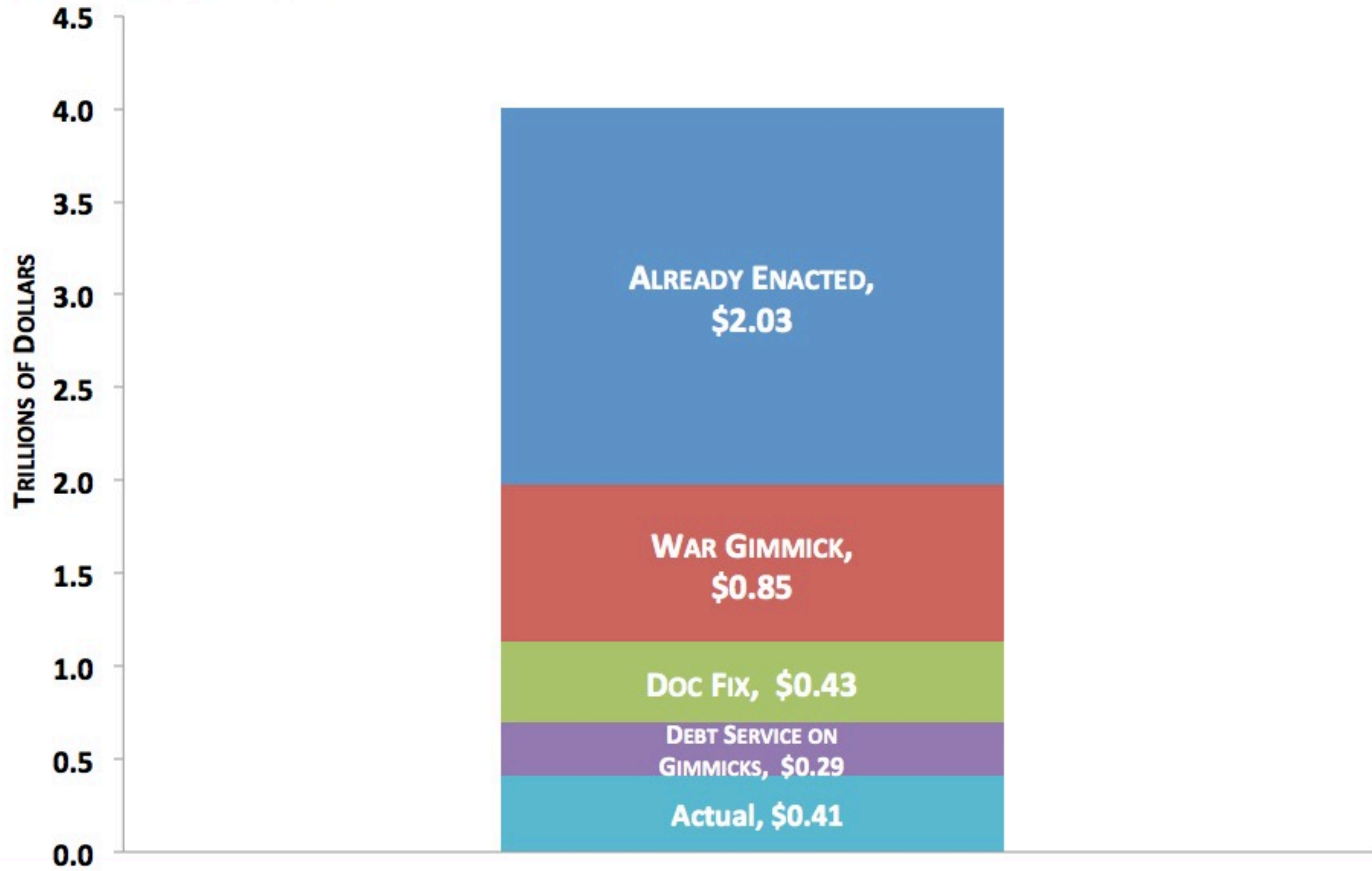


SOURCE: HBC and SBC Republican Staff, CBO, OMB

* OMB Adjusted Baseline, excluding physician payment freeze & OCO savings

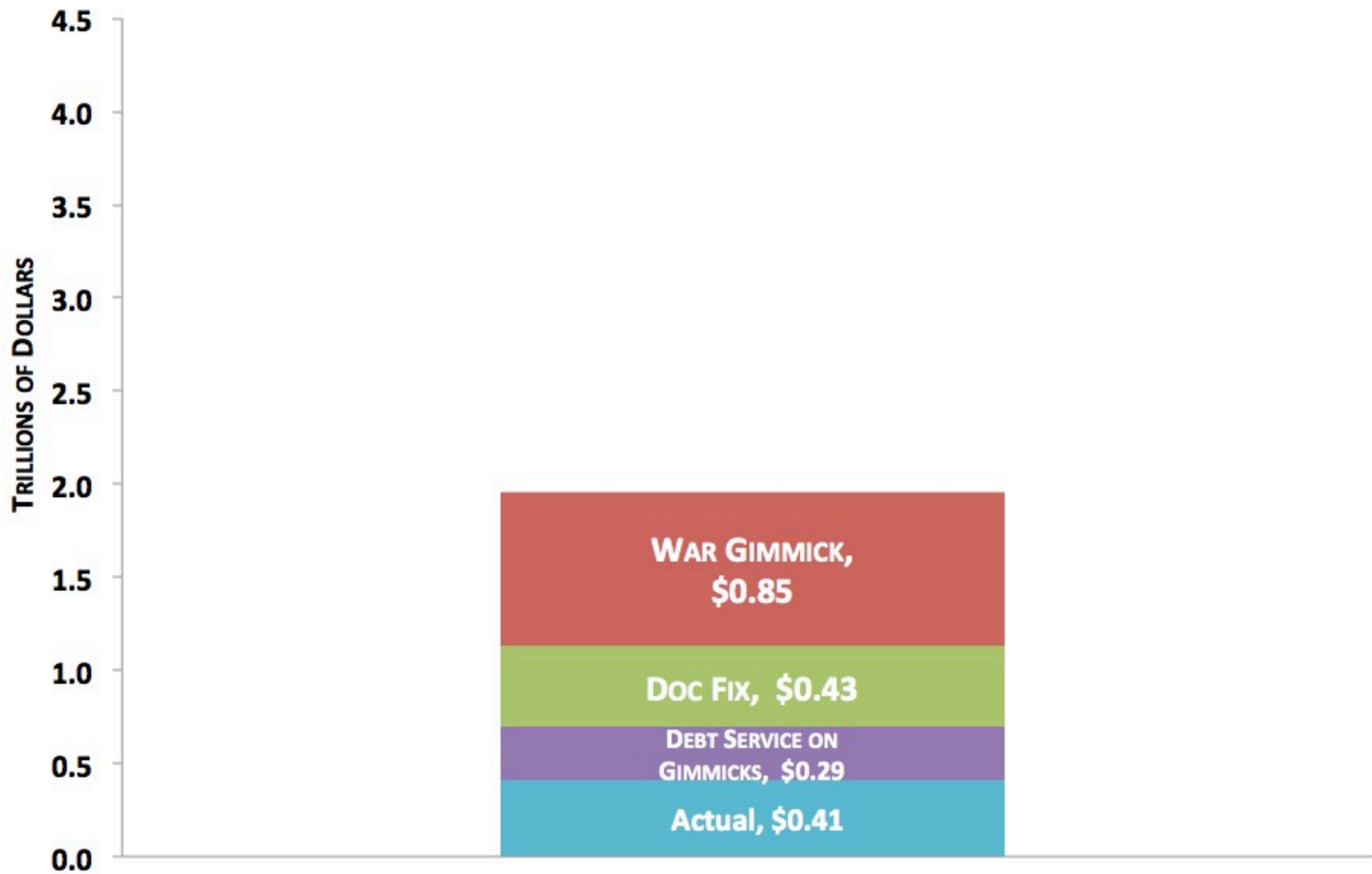
THE PRESIDENT'S CLAIMS VS. REALITY

10-YEAR DEFICIT REDUCTION



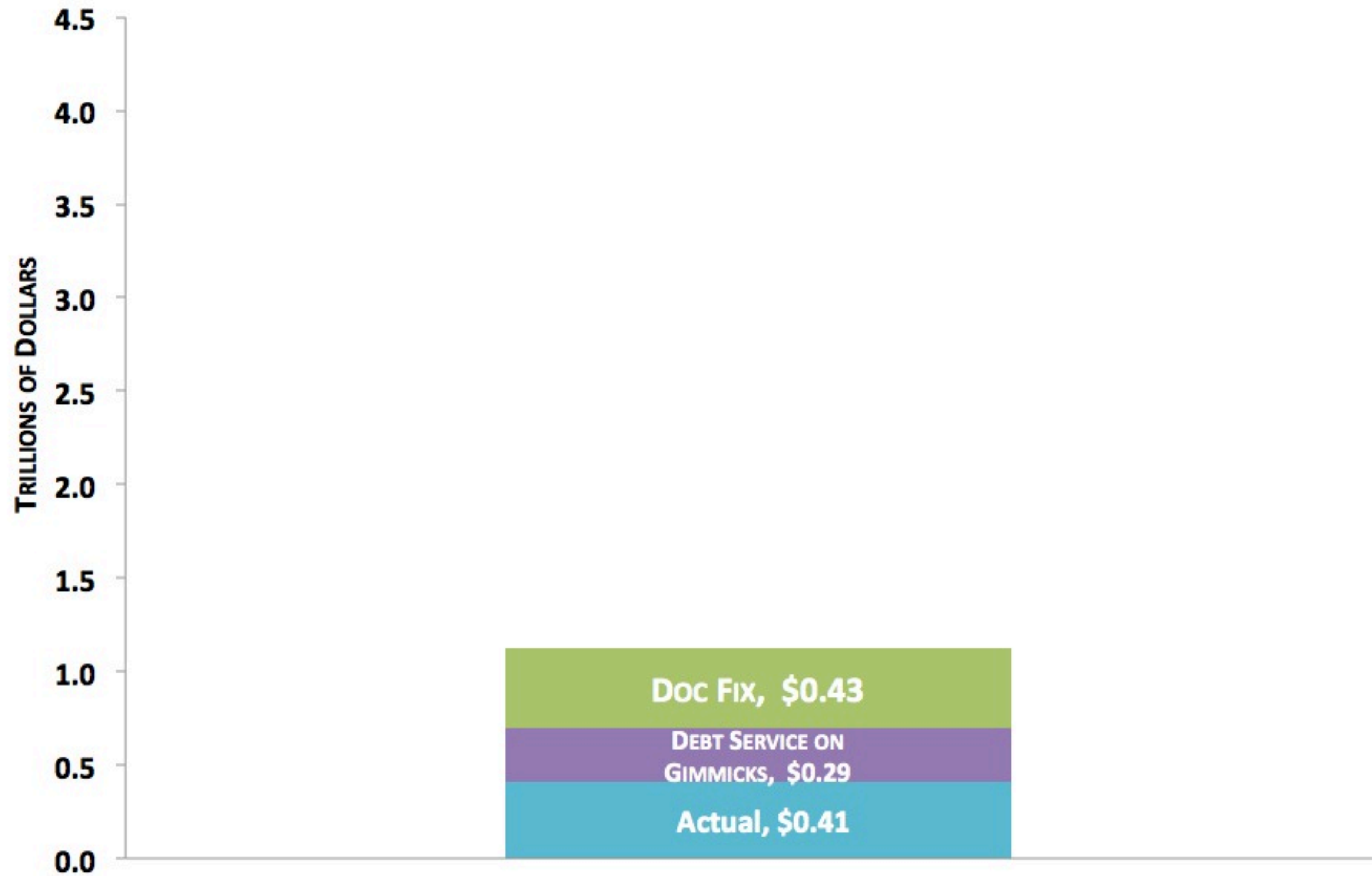
THE PRESIDENT'S CLAIMS VS. REALITY

10-YEAR DEFICIT REDUCTION



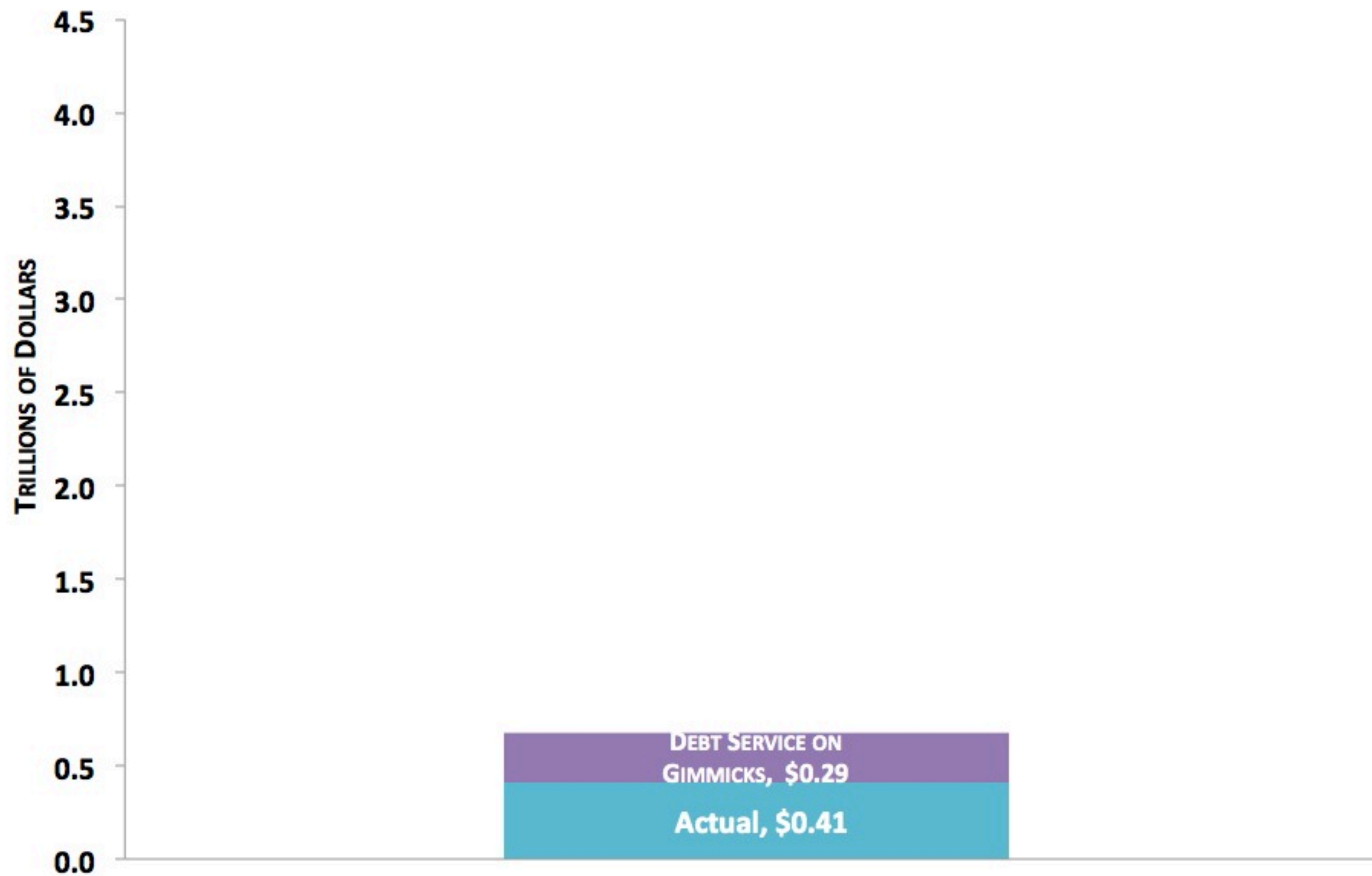
THE PRESIDENT'S CLAIMS VS. REALITY

10-YEAR DEFICIT REDUCTION



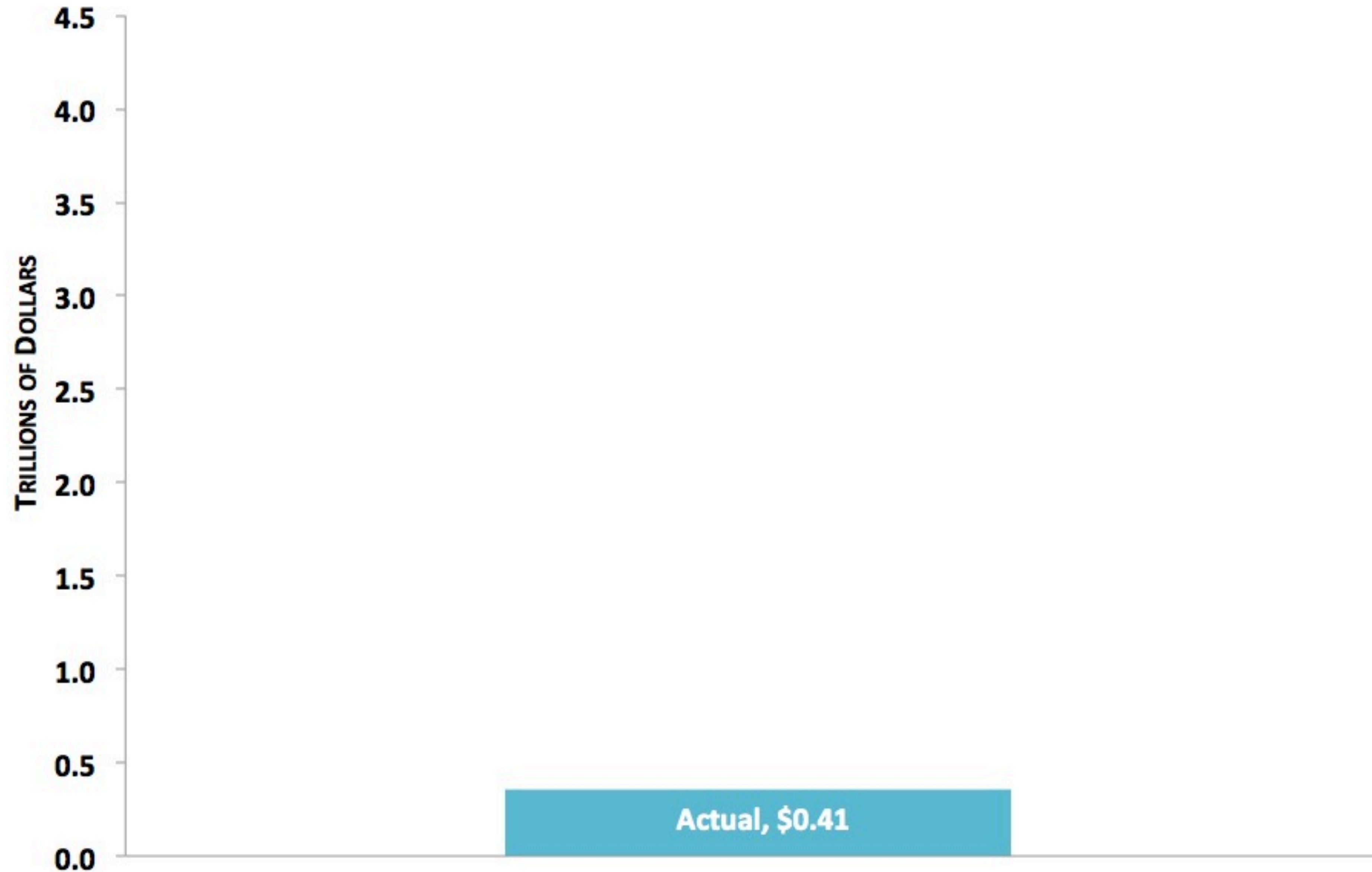
THE PRESIDENT'S CLAIMS VS. REALITY

10-YEAR DEFICIT REDUCTION



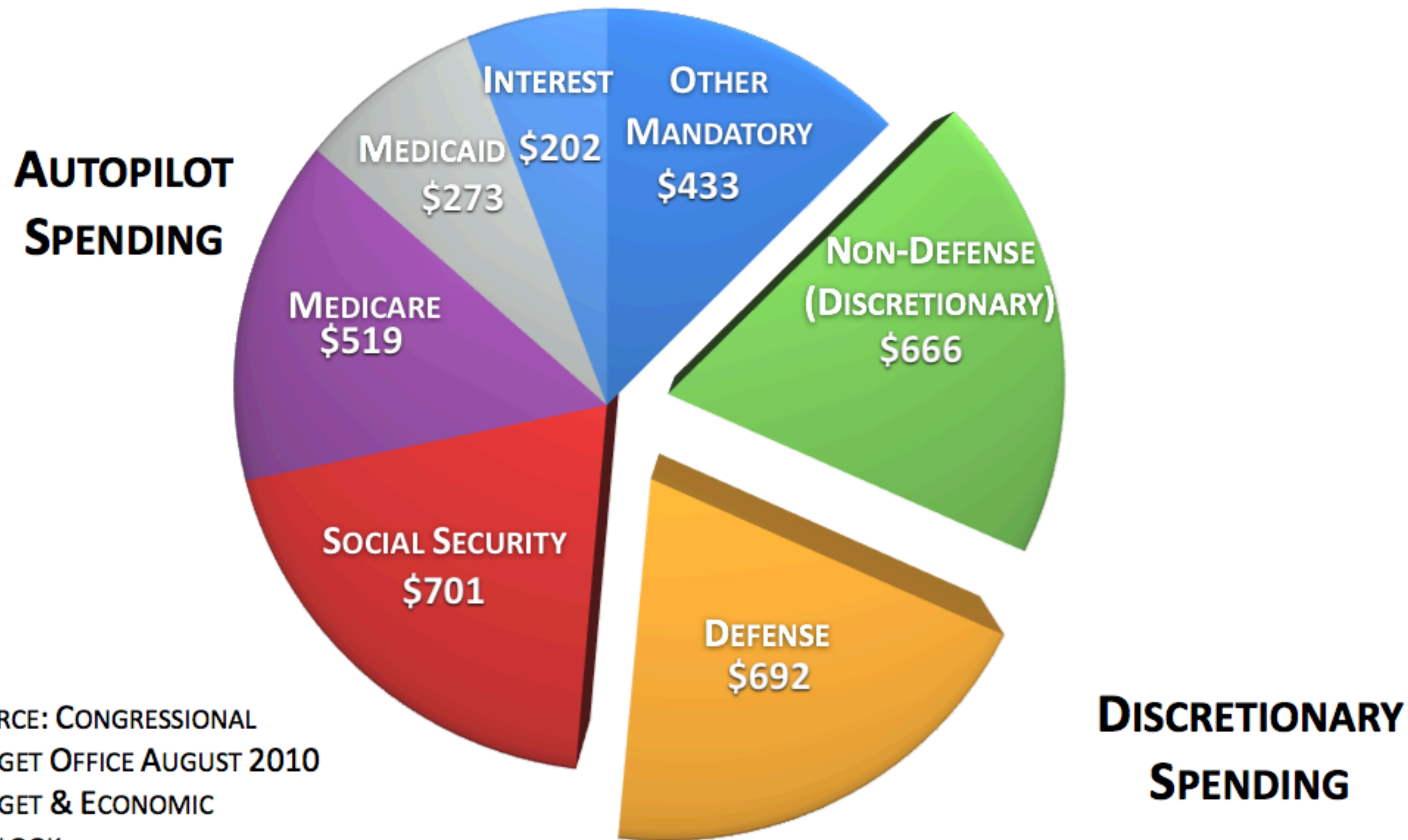
THE PRESIDENT'S CLAIMS VS. REALITY

10-YEAR DEFICIT REDUCTION



TOTAL SPENDING IN FY 2010 = \$3.5 TRILLION

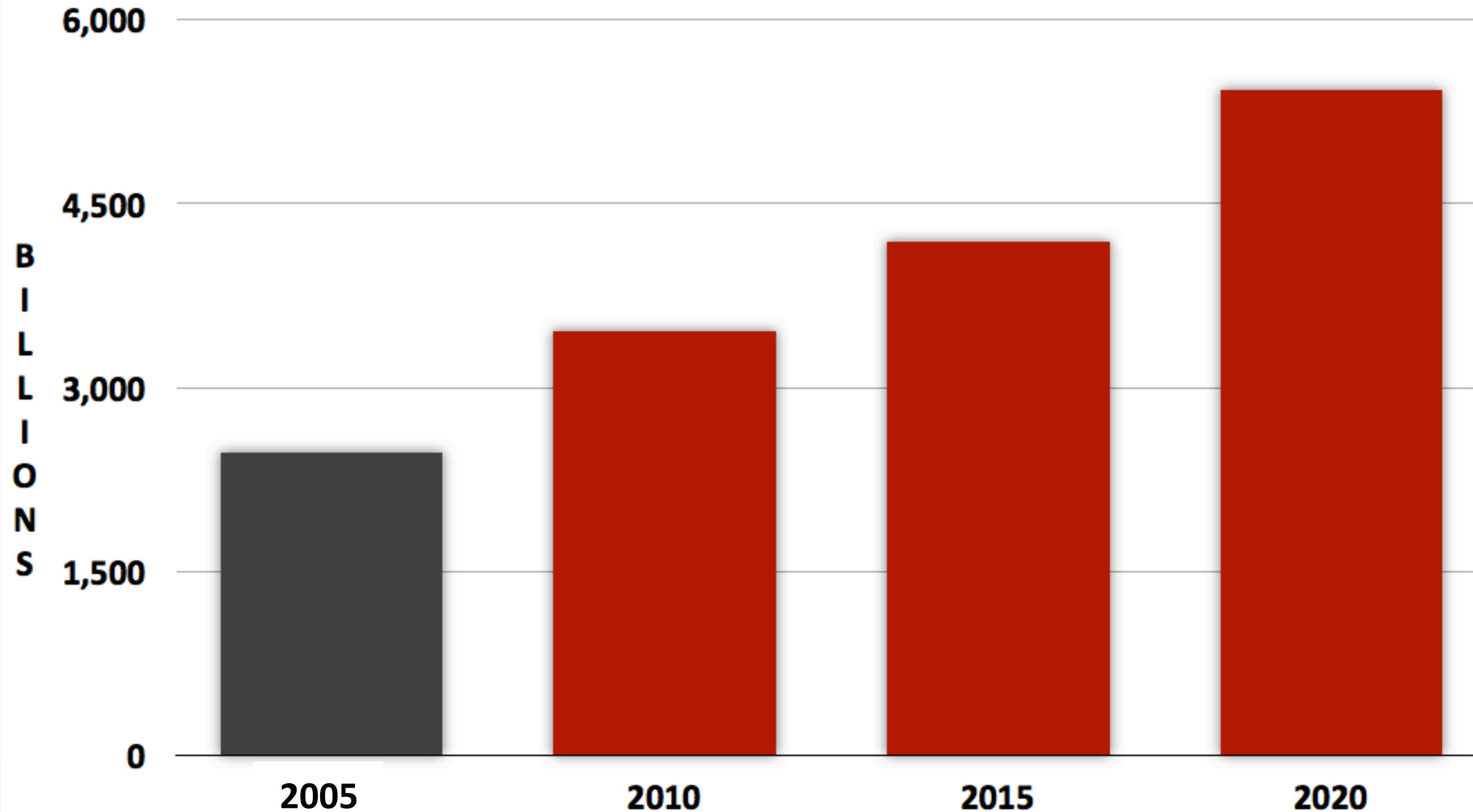
(OUTLAYS IN BILLIONS OF DOLLARS)



SOURCE: CONGRESSIONAL
BUDGET OFFICE AUGUST 2010
BUDGET & ECONOMIC
OUTLOOK

RECKLESS SPENDING SPREE

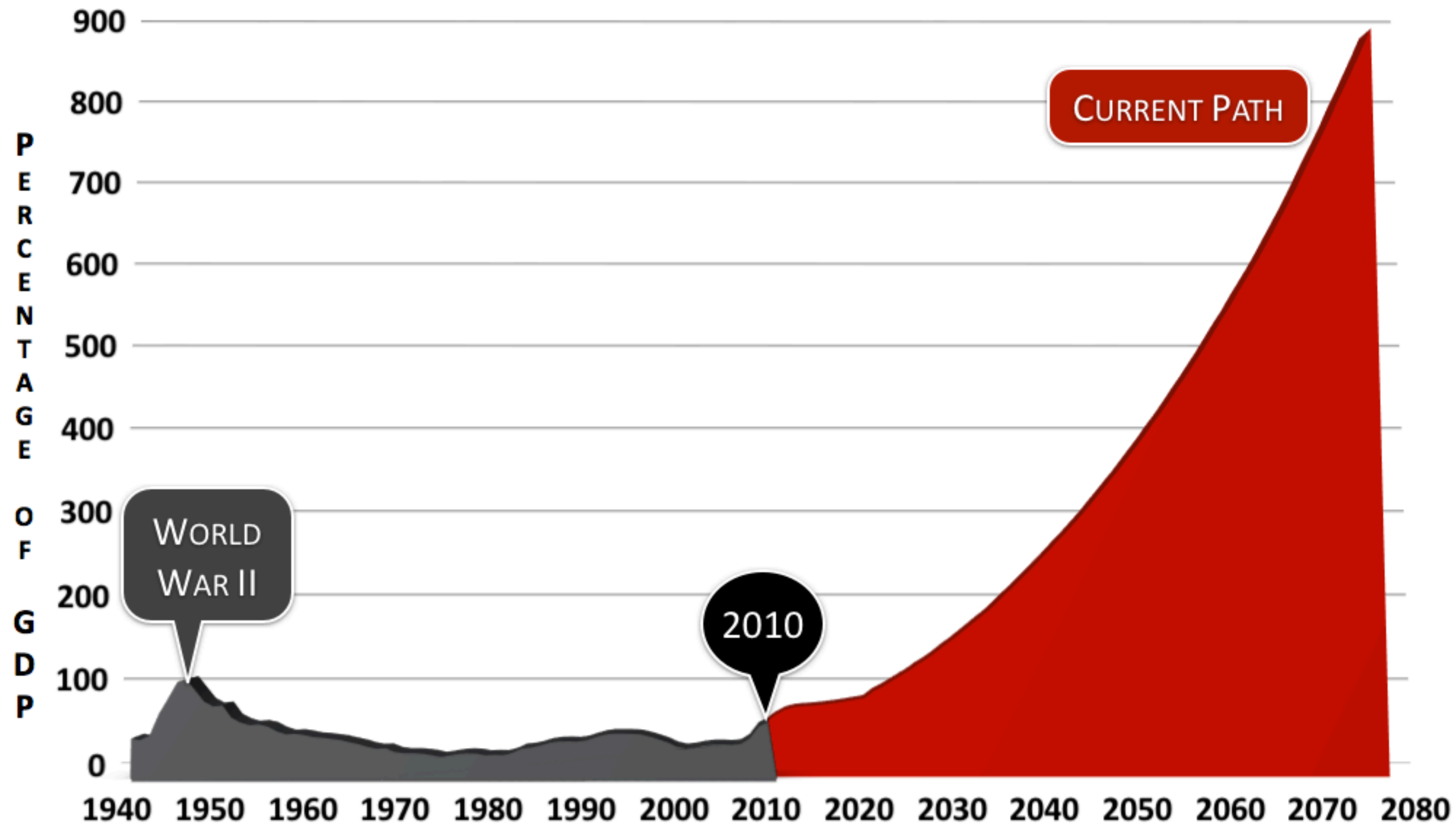
GOVERNMENT SPENDING IN BILLIONS OF DOLLARS, UNDER OBAMA BUDGET



SOURCE: CBO

CRUSHING BURDEN OF DEBT

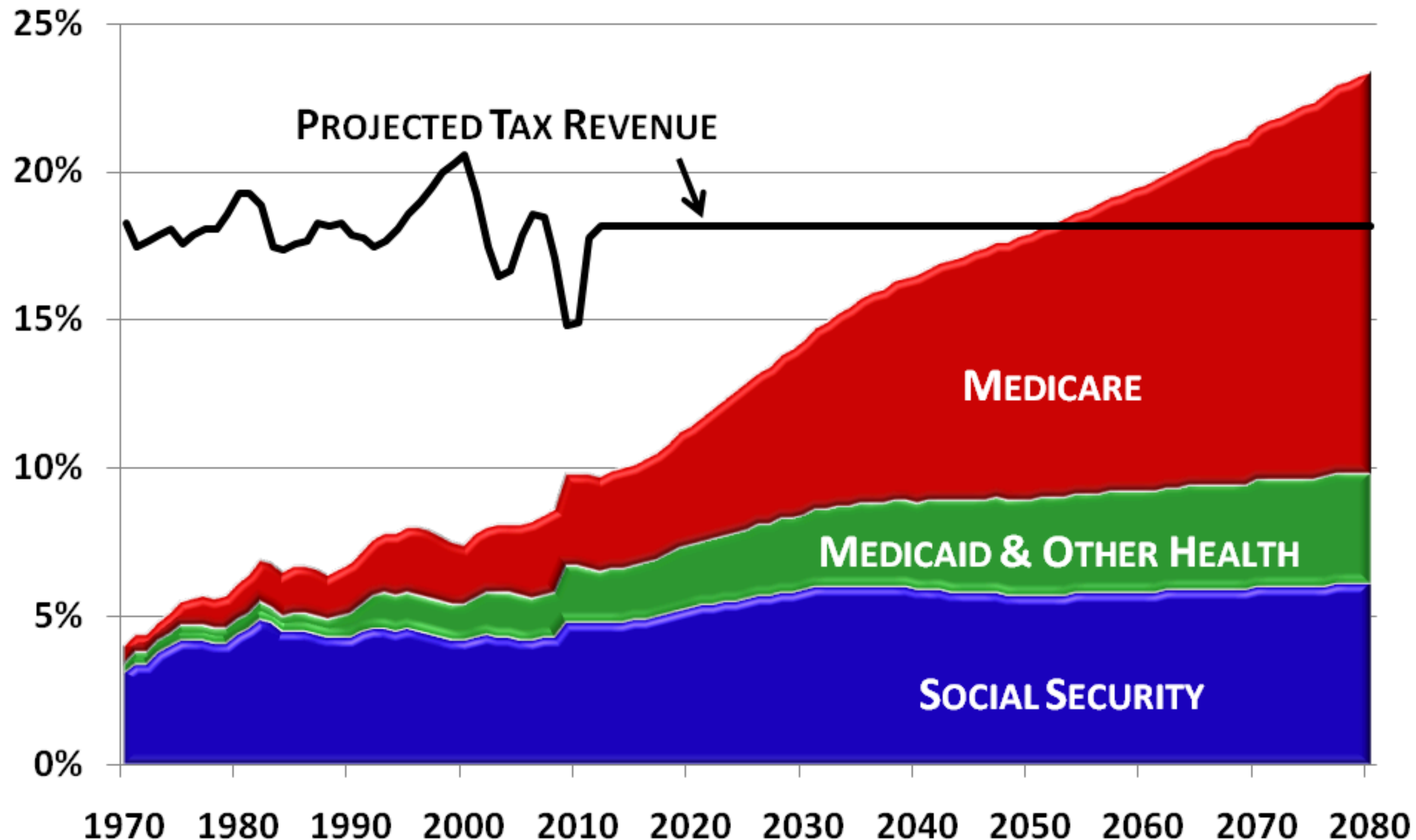
(DEBT AS A SHARE OF THE ECONOMY)



SOURCE: OMB/CBO

WHAT DRIVES OUR DEBT?

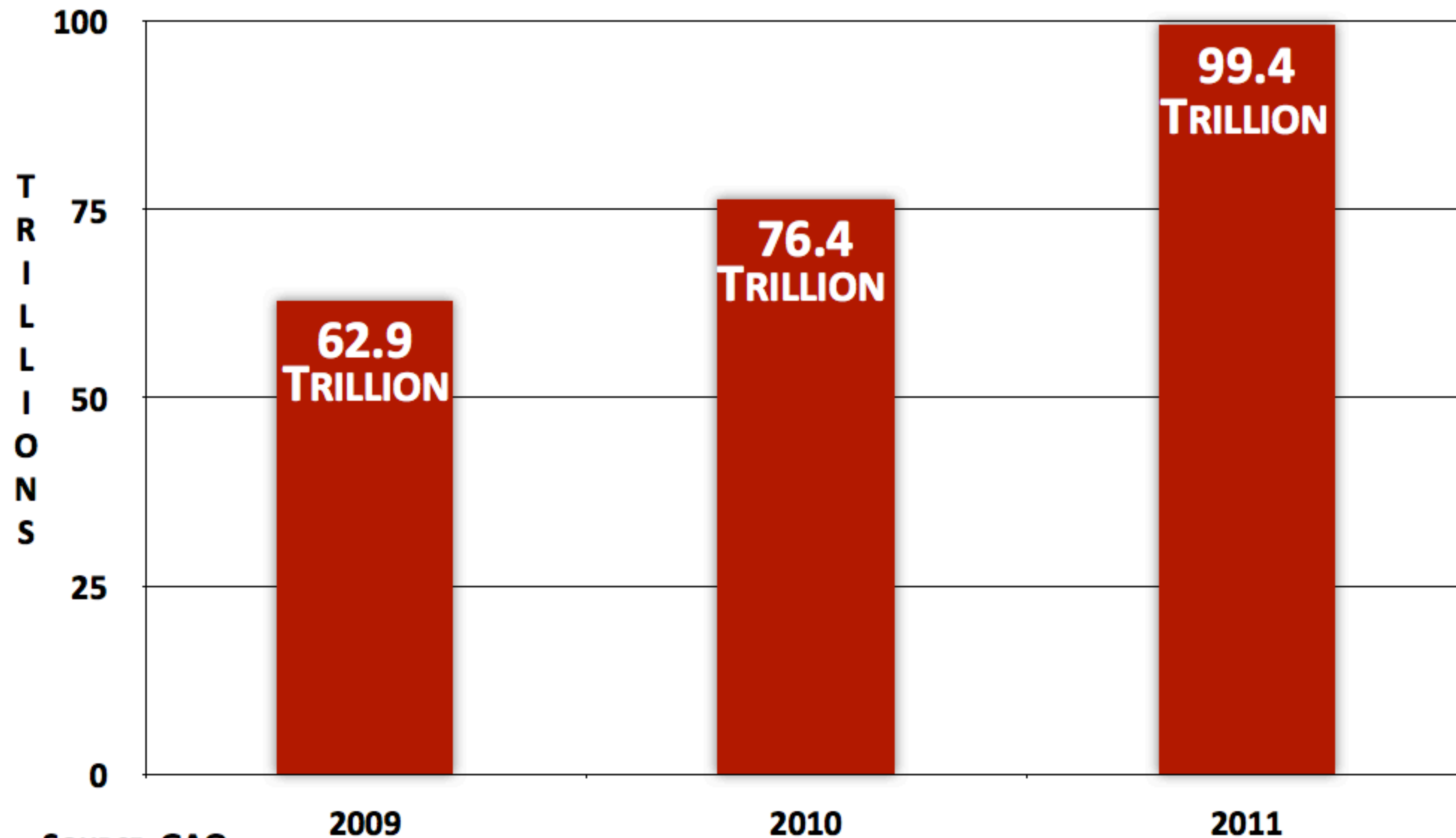
(GOVERNMENT SPENDING AS SHARE OF ECONOMY)



SOURCE: CBO

THE COST OF WAITING - THE FISCAL GAP

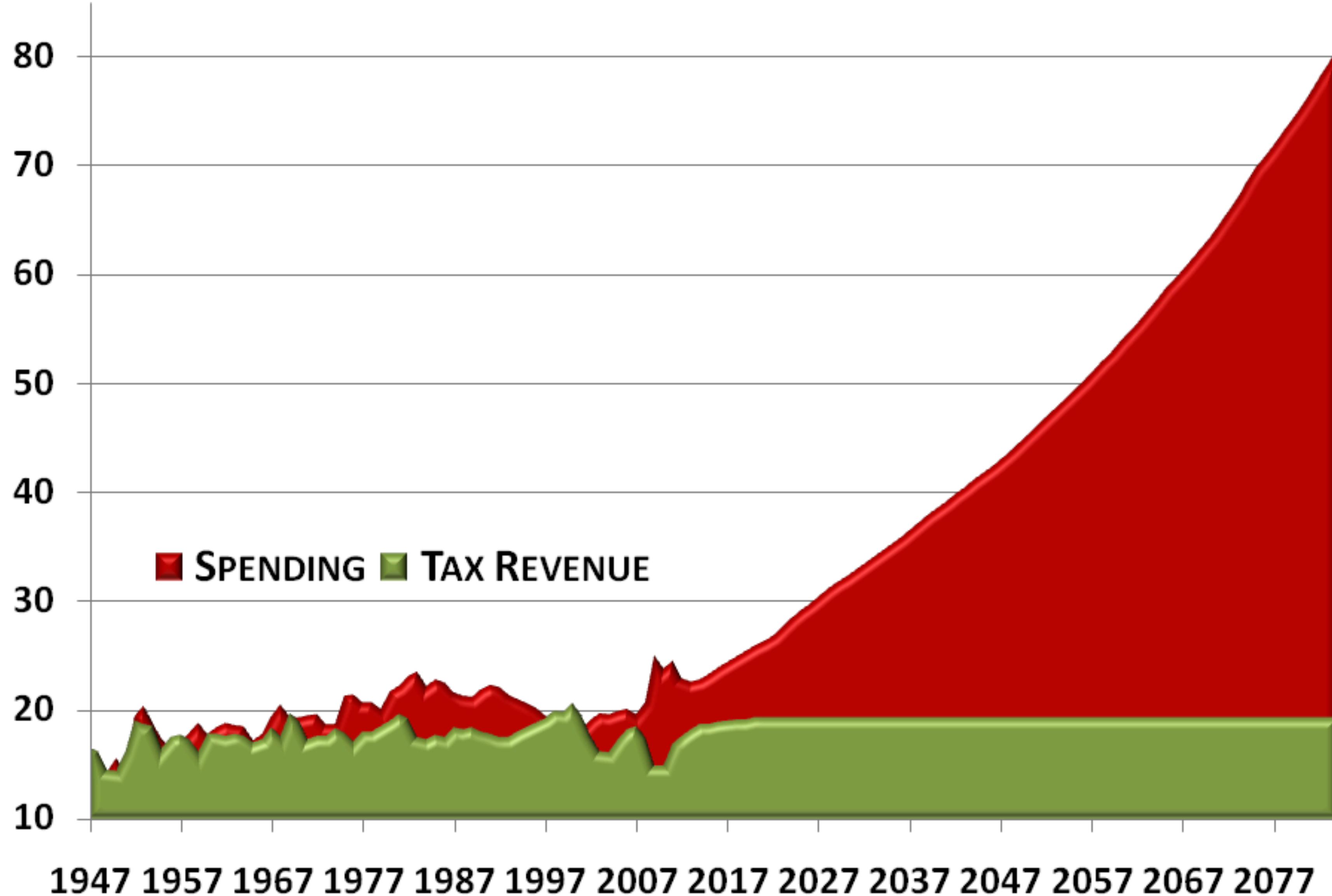
UNFUNDED PROMISES IN TRILLIONS OF DOLLARS



SOURCE: GAO

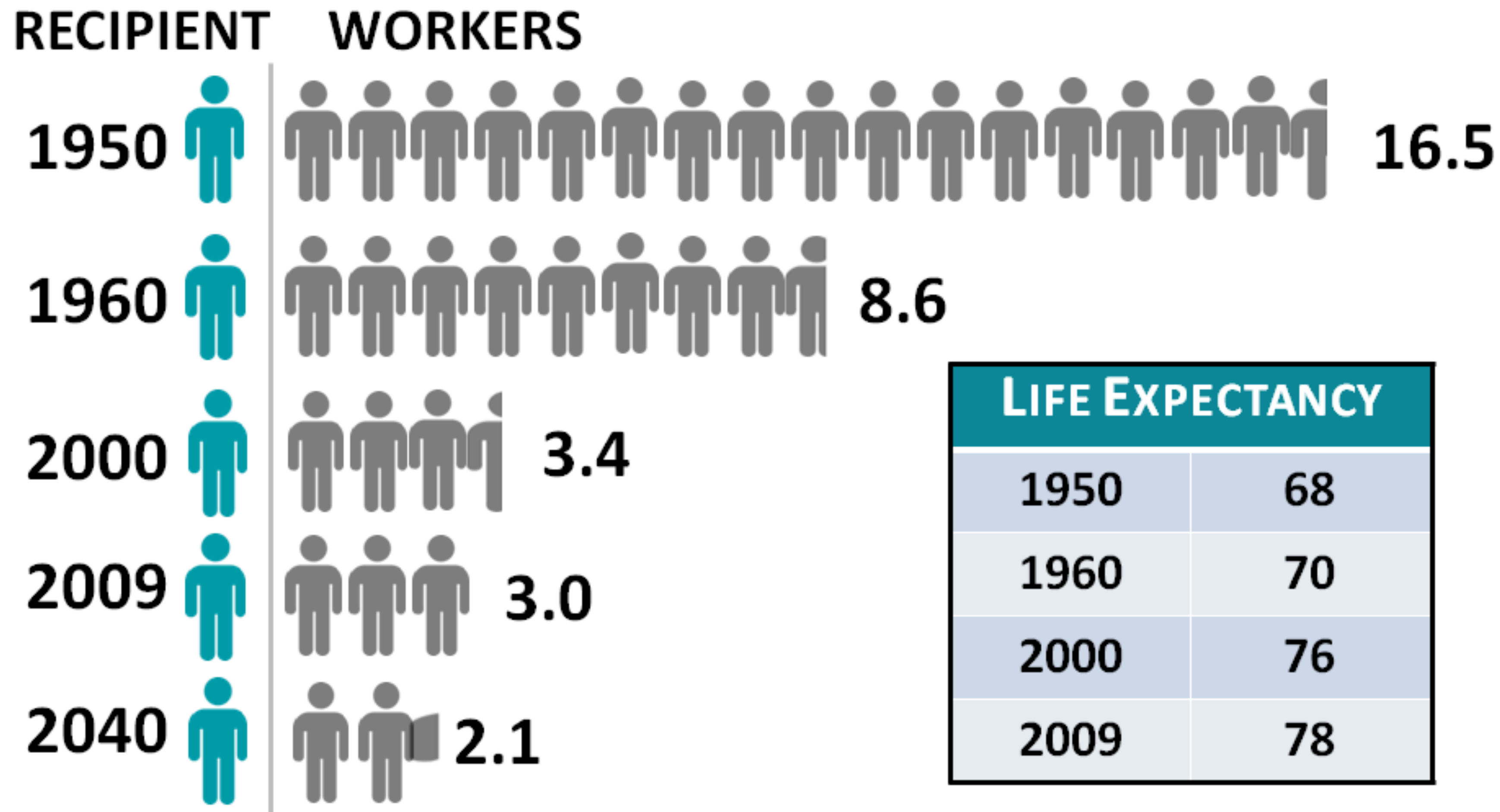
WE ARE IN A SPENDING-DRIVEN DEBT CRISIS

HISTORIC/PROJECTED SPENDING & REVENUE AS A PERCENTAGE OF THE ECONOMY



SOURCE: OMB HISTORIC TABLES AND CBO; PROJECTIONS BASED ON THE CBO'S ALTERNATIVE FISCAL SCENARIO.

TAXPAYERS SUPPORTING EACH SOCIAL SECURITY RECIPIENT



SOURCE: SOCIAL SECURITY ADMINISTRATION, *THE 2010 ANNUAL REPORT OF THE BOARD OF TRUSTEES*; CENTERS FOR DISEASE CONTROL, *U.S. LIFE TABLES*